

DHS PROPOSED PLAN TO CLOSE THE GAP

- National economic conditions are causing great numbers of Tennesseans to seek public assistance and enter into the state's welfare-to-work program, Families First.
- Caseload has risen 24 percent in three years from 56,000 to 71,000 cases.
- \$46 million gap due to increased caseloads in the Families First population.
- DHS required by law to provide participants cash grants, transportation and child care as necessary.
- \$26 million Families First benefits shortfall
- DHS bridging the gap by:
 - Reducing the number of case reviews--\$6.525 million
 - Utilizing First Wheels revolving fund--\$755,000
 - Increasing activity requirement for transitional child care to mirror Families First (40 hours vs. current 20 hours)--\$8.625 million
- \$20.4 million gap due to increased child care needs by Families First population
- Child care subsidy caseload has risen 34 percent since 2002.
- Redirecting \$6.4 million by:
 - Eliminating child care transportation subsidies
 - Began in 1999
 - Increased 176% in 4 years with 85% of funds going to Shelby County
 - Eliminating registration/application fee
 - \$50 fee paid to child care providers
- \$24 million in federal one-time funds from "Essential Services" fund authorized by Governor Bredesen.
- Additional non-mandated alternatives to addressing the gap considered by DHS, but rejected:
 - Reduce low income childcare—6,400 children would be cut from the rolls. 22,000 on waiting list for this assistance. If cut, more of these families would move into Families First program. (\$21.7 million)
 - Differential grants--\$45 additional benefit in addition to \$95 standard grant to a grandparent raising a grandchild, potentially keeping a child out of the state foster care system. (\$10.5 million)
 - Family Services Counseling—helps clients alleviate barriers to employment. (\$7 million)
 - Eliminate all optional support services—extended transportation, optical, dental, car repair, medical exams, etc. (\$4.54 million)
 - Eliminate transitional transportation services (\$1.47 million)

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